

Message Text

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SUBJECT: MALIAN FOREIGN PRIVATE INVESTMENT CLIMATE

REFS: (A) STATE 131449, (B) BAMA KO A-17

1. MALI'S POST-INDEPENDENCE EFFORTS TO DEVELOP A MODERN INDUSTRIAL SECTOR HAVE CONCENTRATED ON ESTABLISHMENT OF LARGE, STATE-OWNED COMPANIES PROCESSING LOCAL INPUTS INTO GOODS FOR DOMESTIC MARKET AND FOR EXPORT. AFTER PRESENT GOVERNMENT CAME INTO POWER IN 1968, SOME ENCOURAGEMENT WAS GIVEN TO PRIVATE INDUSTRIAL SECTOR, BUT PUBLIC ENTERPRISES HAVE RETAINED THEIR DOMINANT POSITION AND ACCOUNT FOR MORE THAN TWO-THIRDS OF SALES MADE BY MODERN MANUFACTURING FIRMS IN MALI.

2. THE INVESTMENT CLIMATE FOR US BUSINESS IN MALI ON THE WHOLE REMAINS FAVORABLE, AND MALI MAINTAINS A LIBERAL SYSTEM OF PAYMENTS AND TRANSFERS IN INTERNATIONAL TRANSACTIONS. THE BASIC MALIAN CODE OF INVESTMENTS, "ORDONNANCE 26 OF MAY 23, 1969," OFFERS CERTAIN INCENTIVES TO COMPANIES PREPARED TO INVEST IN THOSE AREAS JUDGED TO BE OF PARTICULAR INTEREST TO THE GOVERNMENT OF MALI (GRM). FOR EXAMPLE, THOSE COMPANIES PREPARED TO INVEST IN FOOD HANDLING AND PROCESSING INDUSTRIES, METALLURGICAL INDUSTRIES, ENERGY PRODUCTION, TRANSPORTATION, VETERINARY PRODUCTS, CONSTRUCTION, AND

UNCLASSIFIED

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PAGE 02 BAMA KO 04167 251739Z

TOURISM ARE ELIGIBLE FOR TAX-FREE PRIVILEGES FOR FIVE TO 10 YEARS. ALTHOUGH MALI HAS ABIDED BY ITS INVESTMENT CODE, MANUFACTURERS HAVE BEEN AND WILL PROBABLY CONTINUE TO BE REQUIRED TO OFFER GRM A PERCENTAGE OWNERSHIP (10 - 50 PERCENT). NO PROBLEMS SHOULD BE ENCOUNTERED CONCERNING USE OF FOREIGN TECHNICAL AND MANAGERIAL PERSONNEL AS LONG AS THEIR RESPONSIBILITIES ARE WELL DEFINED IN INITIAL AGREEMENT. THIS INITIAL AGREEMENT IS ALL-

IMPORTANT TO NEW INVESTOR IN MALI AND SHOULD COVER ALL POSSIBLE CONTINGENCIES SINCE CHANGING THESE AGREEMENTS IS DIFFICULT AFTER THEY HAVE BEEN APPROVED BY THE GOVERNMENT. AGREEMENT SHOULD BE VERY SPECIFIC REGARDING WAGES, SALARIES, SELLING PRICES, AND TYPES OF PRODUCTS OR SERVICES ENVISIONED. MALI DOES NOT PROHIBIT IMPORTATION OF GOODS FROM ANY SPECIFIC COUNTRY; HOWEVER, INTER-GOVERNMENTAL AGREEMENTS GRANT PRODUCTS FROM EUROPEAN COMMON MARKET AREA AN ADVANTAGE BECAUSE OF REVERSE TARIFF PREFERENCES. MALIAN CODE OF INVESTMENTS IS AVAILABLE IN ENGLISH.

3. OBSTACLES TO INVESTMENT: THERE ARE MAJOR HURDLES TO OVERCOME FOR ANY US COMPANY DECIDING TO INVEST IN MALI. THE COMPANY WILL BE REQUIRED TO DEAL ALMOST EXCLUSIVELY IN FRENCH AND THERE IS A DEARTH OF QUALIFIED MALIAN PERSONNEL IN MANAGEMENT AND TECHNICAL FIELDS. MALI'S BUSINESS INFRASTRUCTURE IS NOT WELL DEVELOPED AND COMPANIES CONTEMPLATING USE OF LOCAL RAW PRODUCTS IN THEIR PRODUCTION SCHEMES WOULD DO WELL TO INVESTIGATE AVAILABILITY AND REGULARITY OF SHIPMENTS TO PRODUCTION POINTS. THE PACE OF BUSINESS ACTIVITY IN MALI IS NOTABLY SLOWER THAN IN UNITED STATES AND SERVICE FACILITIES AND PERSONNEL NEEDED TO KEEP EQUIPMENT "ON-LINE" ARE OFTEN INADEQUATE. IT SHOULD ALSO BE NOTED THAT MALI'S SMALL POPULATION IS SPREAD OUT OVER VAST AREA, THUS HINDERING RAPID DEVELOPMENT OF MARKET ECONOMY.

4. THE MOST PROMISING AREAS OF INVESTMENT CAN BE FOUND IN AGRO-INDUSTRY, MEAT PROCESSING, TRANSPORTATION AND STORAGE, VEGETABLE

UNCLASSIFIED

PAGE 03 BAMA KO 04167 251739Z

PROCESSING, MINERAL RESEARCH/EXPLOITATION, AND FRESH-WATER FISH PRODUCTION. THESE FIELDS PRESENT OPPORTUNITIES FOR US TECHNOLOGY.

5. PLEASE SEE REF B FOR ADDITIONAL INFORMATION ON THE ECONOMY OF MALI.
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